



Government of
Saskatchewan

Annual Report 2002-03

Saskatchewan Learning

Saskatchewan Student Aid Fund

**Annual Report
2002-2003**

Saskatchewan Student Aid Fund

For the fiscal year ending March 31, 2003

Copies of this report are available by contacting:

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Letter of Transmittal

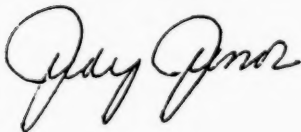
March 31, 2003

The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor
Province of Saskatchewan

Your Honour:

I have the honour to present the annual report of the Saskatchewan Student Aid Fund for the year ending March 31, 2003. The financial statements included in the report were prepared by the Department of Learning and audited by the Provincial Auditor of Saskatchewan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Judy Junor". The signature is fluid and cursive, with the first name "Judy" and last name "Junor" clearly distinguishable.

Judy Junor
Minister of Learning

Letter of Transmittal

March 31, 2003

The Honourable Judy Junor
Minister of Learning

Madam:

I have the honour of presenting the annual report of the Saskatchewan Student Aid Fund for the fiscal year ending March 31, 2003.

During the year under review, the Student Aid Fund Trustees report that the program has maintained a high degree of accessibility to post-secondary programs and services and expansion of services to meet the needs of individuals and communities in Saskatchewan.

For the 2002-03 fiscal year, nearly 16,000 applications were approved, and over \$125 million in student financial assistance was authorized. Other activities that occurred during the year under review include:

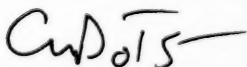
- The continual implementation of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs by:
 - establishing a Governance Structure and Working Groups to support the Agreement;
 - establishing compatible program policies;
 - pursuing program improvements; and
 - simplifying and integrating administrative procedures.
- Participating in the development of a Pan-Canadian agreement on a National Designation Policy Framework; and
- Assuming the role of Co-Chair for the Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA).

The Student Aid Fund Trustees look forward to working with partners to meet the changing needs of Saskatchewan students and their families, particularly in regard to the following initiatives:

- Implementing full on-line access to the Canada-Saskatchewan Student Loans Program;
- Finalizing and implementing the National Designation Policy Framework; and
- Incorporating a series of changes to the Canada-Saskatchewan Integrated Student Loans Program that will increase access and assist students while in repayment.

The Trustees believe that the existing internal controls provide reasonable assurance that the Saskatchewan Student Aid Fund assets are safeguarded and that the financial records are reliable for preparing information and maintaining accountability for assets.

Respectfully submitted,



Craig Dotson
Deputy Minister

Highlights of the Saskatchewan Student Aid Fund and Student Financial Assistance Branch in 2002-03

- There were nearly 16,000 full-time Canada-Saskatchewan Integrated Student Loans authorized by the Student Financial Assistance Branch in 2002-03.
- The amount of authorized assistance was close to \$69 million in Canada Student Loans and over \$56 million in Saskatchewan Student Loans.
- A total in excess of \$38 million in debt reduction benefits for students were paid in 2002-03.
- Nearly \$700,000 in repayment relief benefits was provided for students having difficulty repaying their loans.
- Over \$350,000 in part-time loans were authorized to 171 students.
- Over \$1.2 million in Canada/Saskatchewan Study Grants were provided for students.
- Close to \$700,000 in other awards such as scholarships and bursaries were paid through the Fund.
- The total loans receivable in 2002-03 was over \$40 million.
- Close to \$3 million in loan repayments were received.
- Significant progress was made in implementing the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Program including:
 - development and approval of the governance structure for the Agreement;
 - harmonization of policies with respect to restrictions for funding and the adjudication processes for Integrated Interest Relief were harmonized; and
 - the implementation of a formative evaluation.
- The National Designation Policy Framework was developed in 2002-03. As part of this process, a series of consultations were held with stakeholders in the province.
- Saskatchewan assumed the role as provincial co-chair of the Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA).
- Effective January 2003, the province entered into a Refund Set-Off Program in partnership with the Canada Customs and Revenue Agency (CCRA) to recover outstanding student loans from individuals' income tax refunds.

Table 1
Summary of Loans, Awards, Benefits and Subsidies
Saskatchewan Student Assistance Program: 2002-03

Full-time Loans:

Canada Student Loans Authorized	\$68,830,806
Saskatchewan Student Loans Authorized	\$56,586,020
Total	\$125,416,826

Debt Reduction Benefits:

Saskatchewan Student Bursary.....	\$20,192,917
Canada Study Grant.....	\$4,210,762
Saskatchewan Study Grant	\$3,970,118
Remission	\$581,499
Loan Forgiveness.....	\$67,980
Canada Millennium Scholarship Foundation Bursary	\$9,793,000

Repayment Relief Measures:

Saskatchewan Interest Relief Plan	\$651,033
Debt Reduction in Repayment.....	\$11,057
Permanent Disability Benefit	\$40,460

Part-time Loans:

Canada Student Loans Authorized	\$351,497
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Canada/Saskatchewan Study Grants:

Students with Permanent Disabilities.....	\$837,260
High-Need Students with Permanent Disabilities.....	\$117,088
High Need Part-time Students	\$273,891
Part-time Students with Dependents	\$4,598
Female Doctoral Students	\$29,869

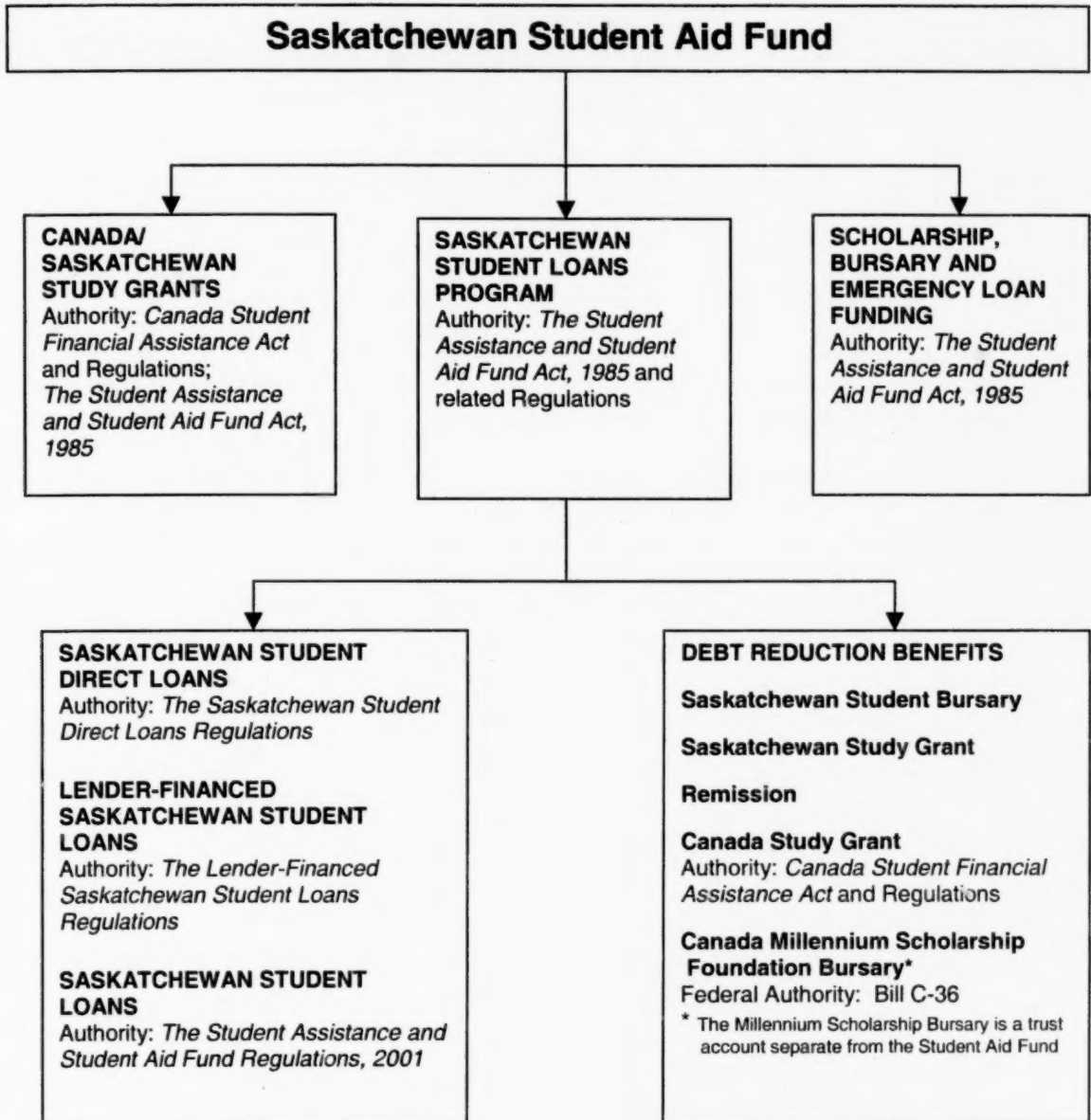
Other Awards:

Centennial Merit Scholarships.....	\$500,000
French Language – Federal/Provincial Awards	\$189,650
Queen Elizabeth II Scholarship in Parliamentary Studies	\$10,000

The Saskatchewan Student Aid Fund

The Saskatchewan Student Aid Fund was created in 1949 by the Government of Saskatchewan to ensure that students would not be denied access to post-secondary education or training due to lack of financial means. Since then, the Fund has assisted many thousands of individuals to attain their career goals.

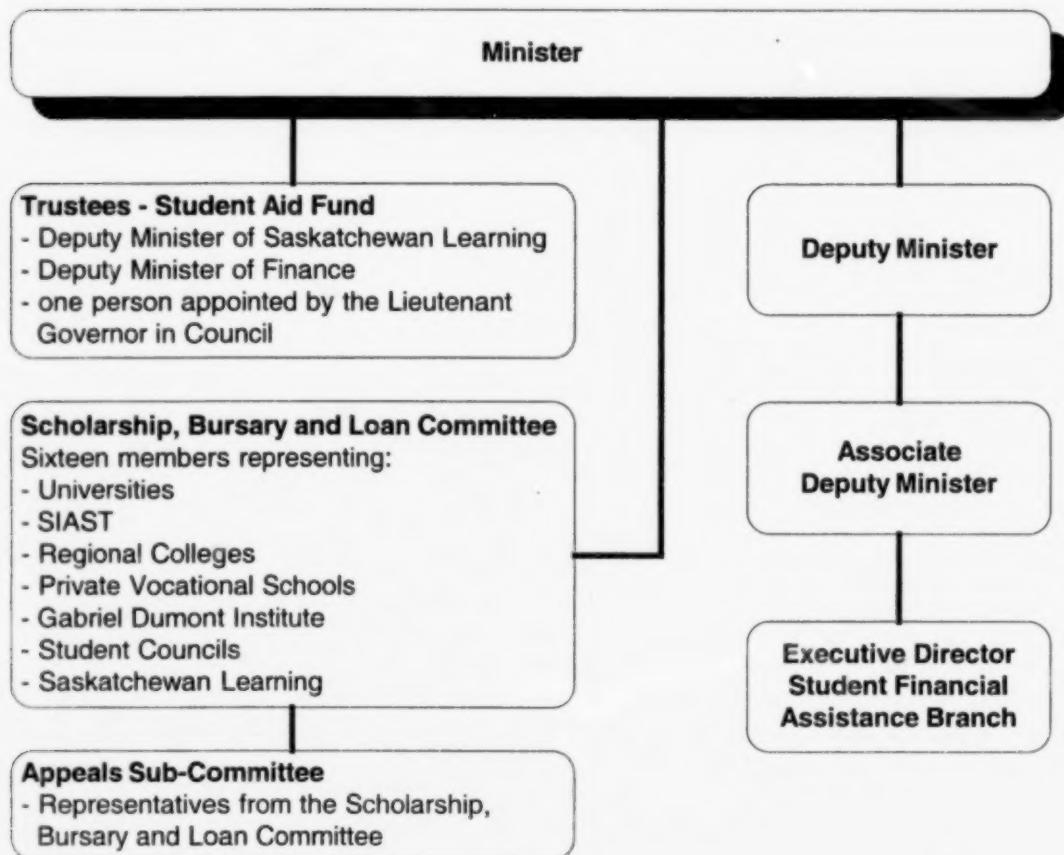
The following chart provides an overview of the programs administered through the Fund.



Organization and Administration

Authority for administration of the Saskatchewan Student Aid Fund is provided by the *Student Assistance and Student Aid Fund Act, 1985* and Regulations. This legislation calls for:

- Three trustees to administer the Fund;
- The Scholarship, Bursary & Loan Committee to make recommendations to the Minister; and
- The Department over which the Minister presides to operate the Fund.



Trustees

The Trustees of the Saskatchewan Student Aid Fund were established in 1949 under *The Student Aid Fund Act*. The present legislation, *The Student Assistance and Student Aid Fund Act, 1985*, states:

3(1) The Trustees of the Saskatchewan Student Aid Fund are continued as a body corporate and consist of:

- (a) the deputy minister of the department;*
- (b) the deputy minister of the Department of Finance; and*
- (c) one person appointed by the Lieutenant Governor in Council on the recommendation of the minister.*

The Trustees are required to:

(2)...administer the fund in accordance with this Act and the regulations.

Trustee Activities In 2002-03

In 2002-03, the Trustees of the Student Aid Fund were:

- Craig Dotson, Deputy Minister, Saskatchewan Learning;
- Ron Styles, Deputy Minister, Saskatchewan Finance; and
- Lily Stonehouse, Associate Deputy Minister, Saskatchewan Learning.

The Trustees held two meetings: June 18, 2002 and February 18, 2003, in which they:

- Reviewed the Fund's quarterly financial statements and activity reports and approved the Student Aid Fund operating budget for 2002-03;
- Received information on the Formative Evaluation of the Canada-Saskatchewan Integrated Student Loans Program and annual review of the Integration Agreement;
- Received an update on the status of the Saskatchewan Student Loans issued prior to August 1, 1996;
- Received stakeholder consultation feedback on a proposed National Designation Policy Framework; and
- Reviewed a status report on the Integrated Income Support System (IISS) Project.

In addition to the meetings, the Trustees received quarterly financial statements of the Fund.

Scholarship, Bursary and Loan Committee

The Scholarship, Bursary and Loan Committee was established in 1971 under *The Student Aid Fund Act*. The present legislation, *The Student Assistance and Student Aid Fund Act, 1985*, states that the Committee shall:

4(3)(a) make recommendations to the minister concerning the development and administration of scholarships, bursaries, loans or other forms of assistance for students under any program in which financial support for students is derived:

- (i) from the fund;*
- (ii) from grants or payments from the Minister of Finance; or*
- (iii) pursuant to agreements between the Government of Saskatchewan and the Government of Canada or agencies of the Government of Canada;*

(b) conduct studies concerning programs of financial assistance to students and for that purpose may receive representations from governments, institutions, organizations and interested persons.

The Act provides a total membership of 16 persons, 12 of whom are specified. The membership is as follows:

- The Deputy Minister of the department or a designate, who is to be the chairperson of the committee;
- An officer of the department who is to be the vice-chairperson of the committee;
- The president of the University of Regina or designate;
- The president of the University of Saskatchewan or designate;
- A representative from Saskatchewan Learning;
- A representative from the Students' Representative Council at the University of Saskatchewan;
- A representative from the Students' Representative Council at the University of Regina;
- A representative from the Saskatchewan Institute of Applied Science and Technology;
- A representative of the Students' Representative Councils at each campus of the Saskatchewan Institute of Applied Science and Technology (SIAST).

There is provision for an additional four members as determined by the department. In 2002-03, these were:

- A representative for the regional colleges in Saskatchewan;
- A representative for the private vocational schools;
- A representative for the Gabriel Dumont Institute; and
- A representative for the Student Financial Assistance Branch.

Committee Activities In 2002-03

The Committee held three meetings on June 6, 2002, September 17, 2002, and January 30, 2003, in which they:

- Reviewed and approved the 2002-03 Saskatchewan Student Assistance Program Administrative Guidelines which integrated the Canada and Saskatchewan program policies wherever possible;
- Received a progress report on the implementation of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs and discussed issues with a representative from the Canada Students Loans Program, Human Resources Development Canada;
- Participated in a Key Informant Interview for the Formative Evaluation of the Canada-Saskatchewan Integrated Student Loans Program;
- Discussed potential changes to the Student Financial Assistance Program for 2003-04 proposed by the Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA) and the Federal/Provincial/Territorial Committee on Financial Assistance to Students;
- Discussed the proposed National Designation Policy Framework; and
- Discussed departmental restructuring. The former departments of Education; Post-Secondary Education and Skills Training; Provincial Library; and the Early Childhood Division of Saskatchewan Health were amalgamated into a new department called Saskatchewan Learning.

Appeals Sub-Committee

The Appeals Sub-Committee consists of five members of the Scholarship, Bursary and Loan Committee. The Sub-Committee reviews cases where students applying for financial assistance may have extenuating circumstances that could affect their assessments.

The Appeals Sub-Committee reviewed five appeals in 2002-03. Two of the five cases were accepted and three were denied additional assistance during this reporting period.

Minister and the Department

Authority for the Minister to make awards under the Saskatchewan Student Assistance Program is provided by *The Student Assistance and Student Aid Fund Act, 1985 and Regulations*.

The Saskatchewan Student Assistance Program covers all federal and provincial loans, scholarships and award programs. The Student Financial Assistance Branch administers these programs on behalf of the Minister.

One of the major themes of Saskatchewan Learning is to ensure that the diverse learning needs of individuals are met through high quality programs and services. The Student Financial Assistance Branch is committed to providing an appropriate array of income support programs to ensure equity and accessibility for students.

Student Financial Assistance Branch

The Student Financial Assistance Branch has achieved a number of accomplishments during this reporting year that demonstrates its commitment to high quality programs and services.

Key Accomplishments:

- For the 2002-03 fiscal year, nearly 16,000 applications were approved, and over \$125 million in student financial assistance was authorized.
- The continual implementation of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs by:
 - establishing a Governance Structure and Working Groups to support the Agreement;
 - establishing compatible program policies;
 - pursuing program improvements; and
 - simplifying and integrating administrative procedures.
- Participation in the development of a Pan-Canadian agreement on a National Designation Policy Framework.
- Assumed the role of Co-Chair for the Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA).
- Effective January 2003, the province entered into a Refund Set-Off Program in partnership with the Canada Customs and Revenue Agency (CCRA) to recover outstanding student loans from individuals' income tax refunds.

Branch Functions

Income Support and Advisory Unit is responsible for:

- Assessing, reviewing, and reassessing applications and issuing notifications for:
 - Canada-Saskatchewan Integrated Student Loans for full-time students;
 - Canada Student Loans for Part-time Students; and
 - Canada/Saskatchewan Study Grants.
- Auditing and verifying information provided by students to complete the assessment process.
- Offering information and advisory services to students, their families, educational institutions and the general public. Nearly 316,000 telephone inquiries on student loan issues were received and over 2,000 individuals attended 62 informational sessions across the province.
- Administering the Provincial Training Allowance and supporting the Skills Training Benefit.

Loan Management and Financial Services Unit is responsible for:

- Financial accounting services for the Student Aid Fund.
- Management and administration of debt reduction and repayment relief benefits.
- Management of Refund Set-Off Program in partnership with the Canada Customs and Revenue Agency (CCRA).
- Issuing repayment documentation and carrying out all financial accounting for Saskatchewan Student Loans issued prior to August 1, 1996.
- Management of the Canada Millennium Scholarship Foundation Bursary.
- Management of the Post-Secondary Graduate Tax Credit.
- Designation of post-secondary institutions for student loan eligibility.

Strategic Initiatives Unit is responsible for:

- Strategic policy direction and research support for the Student Financial Assistance Branch.
- Development of all communication materials including the Saskatchewan Student Loans web site.
- Managing the implementation of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs through participation in the Joint Management Committee and various working groups.
- Providing support to the province's role as Co-Chair of the Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA) and participating in the development of strategic initiatives by the committee.
- Maintenance of legislative and regulatory requirements.

Business Information and Technology Services Unit is responsible for:

- Management of the assessment, financial and administration information technology systems including interfaces with Human Resources Development Canada, financial institutions, and Service Providers.
- Management of testing procedures, system control and system development.
- Business support and information management services.
- Liaison with the Integrated Income Support System.

Action Plan for 2003-04:

In 2003-04, one of the major goals of Saskatchewan Learning will be to meet the diverse needs of communities, employers and the economy. The Student Financial Assistance Branch will implement an action plan that supports the department in responding to existing and anticipated demand for programs and services. Specific actions will include:

- Implementation of the Integrated Income Support System for on-line application and processing of applications for income support programs including Canada-Saskatchewan Integrated Student Loans.
- Finalization of the National Designation Policy Framework.
- Implementation of federal/provincial/territorial initiatives to improve financial assistance to students by increasing in-study income and scholarship exemptions and enhanced repayment relief measures.
- Implementation of an interest subsidy for medical students.

Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs

The main goal of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs is to simplify the student loan process.

Prior to the Agreement, students received two separate loans, a Canada Student Loan and a Saskatchewan Student Loan. These loans were administered separately which meant that students were required to have two complete sets of forms for most processes, and were required to make two separate payments when they completed their studies.

In the first year of the Agreement, two major activities were integrated. Students in Saskatchewan received only one Certificate of Eligibility instead of two, and were required to make only one loan payment upon consolidation. Both Canada and Saskatchewan are committed to further harmonization of policies and administrative procedures over the course of the Agreement.

Major activities in 2002-03 included:

- The establishment of a Joint Management Committee, and five sub-groups including:
 - Policy;
 - Operations;
 - Communications;
 - Evaluation and Performance Measures; and
 - Audit/Review and Portfolio Integrity.
- The Joint Management Committee held two meetings, May 24, 2002 and February 20, 2003, in which they discussed the progress to date and future direction.
- Other achievements made in 2002-03 include:
 - development and implementation of an integrated Schedule 2 which provides interest free status for students who return to studies, but do not require an additional loan;
 - development of a joint operational Communications Plan;
 - harmonization of policies with respect to restrictions for funding and the adjudication process for Integrated Interest Relief;
 - development and implementation of a Formative Evaluation; and
 - development of the Statement of Work and action plan for the 2002-03 Attestation Audit.

Student Financial Assistance Programs

Full-time Student Loans

As of August 1, 2001, financial assistance for full-time post-secondary students is provided through the Canada-Saskatchewan Integrated Student Loans Program.

Eligibility for Assistance

The Student Financial Assistance Branch uses federal criteria to determine an applicant's eligibility for student loans. To qualify for student loans, the student must:

- Be a Canadian citizen or permanent resident as defined in the *Immigration Act*;
- Be a Saskatchewan resident according to program criteria;
- Be enrolled as a full-time student;
- Be enrolled in a program of studies that is at least 12 weeks in duration and leads to a degree, diploma or certificate;
- Be attending a school with designated status;
- Be in financial need according to student loan program guidelines;
- Not be in default on a previous student loan;
- Maintain a satisfactory scholastic standard to continue to be eligible for student loans;
- Be receiving assistance for less than 340 weeks of study; and
- Complete the program within the number of periods of study normally specified by the school for completion of that program, plus one additional period.

Assessing Applications

The Student Financial Assistance Branch assesses all applications to determine financial need. The applicant's financial need for assistance is calculated by subtracting the contributions expected from the student and the student's family from the educational and living costs allowed under the program.

In Saskatchewan, assistance is authorized for students initially in the form of a Canada-Saskatchewan Integrated Student Loan. The Student Financial Assistance Branch issues loan certificates to students and upon completion of the student's course of study, they may be eligible for a number of debt reduction benefits.

In 2002-03, there were 15,702 applications approved and over \$125 million was authorized in student financial assistance. Of the \$125 million, \$68,830,806 was federal loans and \$56,586,020 was provincial loans.

Table 2 below indicates the maximum loan assistance a student can receive for full-time study.

Table 2: Maximum Loan Assistance Available to Students 2002-03			
Student Group	Student Classification	Maximum Assistance Available	Assistance Authorized
Students With Dependents	Special Incentive Students • All single parents • Married students who are Non-Status Indian/Métis and/or Northerners	\$400 per week of study	• CSL – covers 60% of assessed need to a maximum of \$165 per week of study • SSL – covers remaining assessed need to a maximum of \$235 per week of study
	Regular Students • All other married students	\$400 per week of study	• CSL – covers 60% of assessed need to a maximum of \$165 per week of study • SSL – covers remaining assessed need to a maximum of \$235 per week of study
Students Without Dependents	Special Incentive Students • Students who are Non-Status Indian/Métis and/or Northerners	\$385 per week of study	• CSL – covers 60% of assessed need to a maximum of \$165 per week of study • SSL – covers remaining assessed need to a maximum of \$220 per week of study
	Regular Students • All other students	\$275 per week of study	• CSL – covers 60% of assessed need to a maximum of \$165 per week of study • SSL – covers remaining assessed need to a maximum of \$110 per week of study
CSL – Canada Student Loans SSL – Saskatchewan Student Loans			

Appeals and Reviews

An appeal of assessment results may be requested by a student if additional assistance is required due to unavoidable situations, or exceptional circumstances during the pre-study and/or study period. The Appeals Sub-Committee, consisting of members of the Scholarship, Bursary & Loan Committee, is formed each year to review appeals.

A review or reassessment may be undertaken when there is a change in the information provided on the application. Reviews or reassessments are based strictly on current program criteria.

Interest-Free Status

The federal and provincial governments pay the interest on student loans while the student is attending school full-time. The student is responsible for the interest on student loans from the first day of the first month after the student graduates or ceases full-time study.

The student is not responsible for interest that accrues on student loans between academic years if the break is six months or less, and the appropriate documentation is submitted to the National Student Loans Service Centre.

Students who are attending school but are not receiving financial assistance may keep any federal and provincial student loans in interest-free status during their academic periods by submitting appropriate documentation to the National Student Loans Service Centre.

Debt Reduction Benefits

The purpose of debt reduction benefits is to help reduce the amount of loan the student will have to repay. With the exception of Remission for Special Incentive Students, which must be applied for separately, all debt reduction benefits are automatically applied against the student's loan following the study period. The benefit amount is applied first against the student's Saskatchewan loan debt and, in some cases where funds remain, they are applied to the federal loan debt. The provincial government is compensated by the federal government and the Canada Millennium Scholarship Foundation for Canada Study Grants and Canada Millennium Scholarship Foundation Bursaries. In Saskatchewan, over \$38 million in debt reduction benefits were issued during this reporting period.

Table 3 below identifies the debt reduction benefits that are available.

Table 3: Debt Reduction Benefits Available to Students 2002-03**			
Student Group	Student Classification	Debt Reduction Benefits	Maximum Debt Level for the first 170 weeks of post-secondary study*
Students With Dependents	Special Incentive Students - All single parents - Married students who are Non-Status Indian/Métis and/or Northerners	- Saskatchewan Student Bursary/Canada Millennium Scholarship Foundation Bursary - Canada/Saskatchewan Study Grants - Remission	\$200 per week of study less any amount of Remission received
	Regular Students All other married students	- Saskatchewan Student Bursary/Canada Millennium Scholarship Foundation Bursary - Canada/Saskatchewan Study Grants	\$200 per week of study
Students Without Dependents	Special Incentive Students Students who are Non-Status Indian/Métis and/or Northerners	- Saskatchewan Student Bursary/Canada Millennium Scholarship Foundation Bursary - Remission	\$200 per week of study less any amount of Remission received
	Regular Students All other students	Saskatchewan Student Bursary/Canada Millennium Scholarship Foundation Bursary	\$200 per week of study
CSL – Canada Student Loans SSL – Saskatchewan Student Loans *Beyond 170 weeks (5 university academic years) of study, debt level per week of study will increase as the student will not be eligible for the Saskatchewan Student Bursary. Some students may continue to be eligible for the Canada Millennium Scholarship Bursary. **Effective August 1, 2002 maximum debt levels changed from \$180 per week of study to \$200 per week of study.			

The *Saskatchewan Student Bursary* is available to all students with loan assistance exceeding \$200 per week of study for the first 170 weeks of post-secondary study. In 2002-03, there were 9,888 bursaries awarded totalling \$20,192,917.

The *Canada Millennium Scholarship Foundation Bursary* provides between \$2,000 and \$4,000 annually, with a lifetime maximum of \$19,200. The Bursary is available to students in second and higher years of post-secondary studies, excluding graduate studies. In most cases, students will receive either the Saskatchewan Student Bursary or the Canada Millennium Foundation Bursary. In 2002-03, there were 3,507 students who were awarded Millennium bursaries totalling \$9,793,000.

The *Canada and Saskatchewan Study Grants* are available to students with dependent children, with loan assistance exceeding \$275 per week of study. In 2002-03, there were 3,036 students who received \$4,210,762 in Canada study grants and 2,023 students who received \$3,970,118 in Saskatchewan study grants.

Remission is available to Special Incentive Students to reduce their debt for the first 60 weeks of study. Remission must be applied for separately. In 2002-03, there were 282 students who received \$581,499 in Remission subsidy.

Repayment of Student Loans

Students with Canada-Saskatchewan Integrated Student Loans issued after August 1, 2001, make payment arrangements with the National Student Loans Service Centre.

Options are available to students who are unable to meet the repayment terms of their loan agreements. Repayment terms may be revised or interest and repayment relief may be provided through a number of programs.

Effective August 1, 2001, Saskatchewan enhanced repayment relief measures as part of the integration of federal and provincial programs. These programs are available to all students, regardless of when their loan was issued.

Students with loans issued prior to August 2001 must make arrangements with the lenders holding their loans to repay their Canada and Saskatchewan Student Loans within six months after ceasing full-time study.

Repayment Relief includes:

- *Interest Relief* - this component provides repayment deferral and interest relief for a maximum of 30 months to students who are having difficulty making their student loan payments due to low income. After exhausting 30 months of interest relief and lowering the payments by re-amortizing the loan over 15 years, the student may be eligible for an additional 24 months of *Extended Interest Relief*. In 2002-03, Interest Relief benefits totalling \$651,033 were provided for 5,121 students.
- *Debt Reduction in Repayment* – this is a further measure available to students who remain in financial difficulty after receiving Extended Interest Relief. The student's Canada loan principal may be reduced by the lesser of 50% or \$10,000 and the student's Saskatchewan loan principal may be reduced by the lesser of 50% or \$3,000. In 2002-03, a total of \$11,057 was paid in reductions to Saskatchewan loan principal for seven students.
- *Permanent Disability Benefit* – this is available to students who become disabled while in school or within six months after completing their studies. Students may qualify for full forgiveness of their student loans. In 2002-03, six students received benefits totalling \$40,460.

Audit and Verification

All information supplied by applicants is subject to audit and verification. The provision of false or misleading information by applicants, spouses, parents or guardians may result in prosecution under the *Canada Student Financial Assistance Act*, *The Student Assistance and Student Aid Fund Act*, 1985 and/or the Criminal Code of Canada. Three types of audits are performed by the Quality Assurance Unit of the department:

- Referral audits on files forwarded to the Quality Assurance Unit for investigation by third parties;
- Randomly selected post-audits; and
- Fraud investigations resulting from any of the previous types of audits.

Canada Part-time Student Loans

The Canada Student Loans Program provides interest-bearing loan assistance to part-time students who have cash flow problems and are unable to raise sufficient cash to pay immediate educational expenses such as tuition, books, instruments, transportation, childcare and miscellaneous expenses. The maximum amount of outstanding loan principal allowed is \$4,000.

To be eligible, the student must be enrolled in a course of study that is 20% to 59% of a full course load or, if permanently disabled, be taking 20% to 39% of a full course load.

Beginning August 1, 2000, the negotiating process for part-time loans required students to use one of fifteen postal outlets in Saskatchewan to negotiate their part-time loan by mail. The negotiation process for students involves calling a 1-800 number in order to complete a Student Loan Agreement that must also be taken to the postal outlet at the time of negotiation.

Students must begin making their interest payments on the loan 30 days after receiving the funds. Payments on principal begin after the period of study.

In 2002-03, a total of \$351,497 in Canada Student Loans for Part-time Students was authorized to 171 students.

Study Grants for Part-time Students

There are two Canada/Saskatchewan study grants for part-time students.

Canada/Saskatchewan Study Grant for High Need Part-time Students

This grant provides a maximum of \$2,000 per year (\$1,200 federal and \$800 provincial) to a limited number of high need students who are enrolled in part-time studies because they are unable to carry 60% of a full course load for one or more of the following documented reasons:

- They are a single parent, responsible for the primary care of dependent children who are living with the student full-time during the period of study;
- They are responsible for the primary physical and financial care of elderly dependent(s) and/or dependent(s) with a permanent disability requiring supervised care;
- They are a mature student restricted to conditional studies by their school (e.g. maximum 2 courses); or
- They are permanently disabled and due to the disability are unable to undertake at least 60% of a full-time course load (proof of disability must be provided).

These grants are awarded on a first-come, first-served basis and are meant to cover direct educational costs.

In 2002-03, grants in the amount of \$273,891 were given to 160 High Need Part-time Students.

Canada Study Grants for Part-time Students with Dependents

This grant is for students who are eligible for a part-time Canada Student Loan and who have dependents. The grant provides a maximum of \$40 per week of study for students with one or two children or a maximum of \$60 per week of study for students with three or more children.

In 2002-03, grants in the amount of \$4,598 were given to four part-time students with dependents.

Assistance for Students with Permanent Disabilities

Provisions for Students with Permanent Disabilities

There are a number of provisions for students with permanent disabilities in both the full and part-time student loans programs. The provisions in the Canada-Saskatchewan Integrated Student Loans program are:

- Students may take between 40% and 59% of a full course load and still be considered full-time students;
- The satisfactory scholastic standard is defined as successful completion of 40% of a full course load;
- The "normal period of study plus one" limit, which allows students only one additional period of study over the normal length of time a program takes to complete, does not apply; and
- The lifetime limit is 520 weeks of study.

The Canada Part-time Student Loans program allows students with disabilities to be eligible for assistance when taking between 20% and 39% of a full course load.

To qualify as a student with a permanent disability, the student must:

- have a disability of a permanent nature which limits physical or mental ability to perform the daily activities necessary to participate fully in post-secondary studies or in the labour force; and
- be able to provide proof of the disability along with a completed student loan application.

Canada Study Grant for Students with Permanent Disabilities

This grant provides a maximum of \$10,000 per year (\$8,000 federal and \$2,000 provincial) to a limited number of Saskatchewan students to cover exceptional expenses directly related to the student's permanent disabilities. They are provided on a first-come, first-served basis.

To be eligible, a student must:

- be permanently disabled and provide proof of permanent disability;
- be enrolled in post-secondary studies at a designated institution full or part-time;
- have qualified for a student loan and a Canada/Saskatchewan Study Grant for Students with Permanent Disabilities and have been assessed as having need for this assistance under the criteria of the programs; and
- must meet all other student loan eligibility criteria.

In 2002-03, 206 students with permanent disabilities were authorized \$837,260 in Canada/Saskatchewan Study Grants.

Study Grants for High Need Students with Permanent Disabilities

This program provides grants of up to \$2,000 per loan year to full-time or part-time students with permanent disabilities who have demonstrated need in excess of the maximum levels of student loan assistance.

In 2002-03, 79 students with permanent disabilities received \$117,088 in Canada/Saskatchewan study grants.

Other Awards Administered through the Student Aid Fund

A variety of other awards for post-secondary students are funded through the Saskatchewan Student Aid Fund.

Federal/Provincial Awards

The Saskatchewan Student Aid Fund is reimbursed by the federal government for these awards.

French Minority Language Travel Bursaries

These bursaries are intended to enable French minority language students, who cannot pursue their post-secondary studies in their own language in Saskatchewan, to study elsewhere in Canada. The bursary includes the cost of one economy round trip per semester of full-time studies from the student's place of residence to the post-secondary institution chosen.

In 2002-03, French Minority Language Travel Bursaries totalling \$39,900 were awarded to 60 students.

French Fellowship/Bursaries for French Language Bachelor of Education Students

These fellowships/bursaries provide Anglophone post-secondary students with an opportunity for immersion in a French milieu and encourage Francophones to pursue their post-secondary studies in French, in disciplines that are not offered within Saskatchewan.

Fellowships, to a maximum of \$1,000 per semester, are available to students registered in approved programs in French at a Saskatchewan university or outside Saskatchewan if the programs are not available in French in the province.

Bursaries, to a maximum of \$2,000 per semester, are available to students enrolled in:

- the medicine program for Francophones in a Francophone or bilingual Canadian post-secondary institution; or
- the French language Bachelor of Education Program at the University of Regina; or
- the Bachelor of Education After Degree (BEAD) program at the University of Regina.

In 2002-03, a total of \$149,750 in French Fellowships/Bursaries were awarded to 224 students.

Scholarships

Centennial Merit Scholarships

This scholarship targets top students from Saskatchewan high schools and enhances the ability of institutions to attract and retain high-calibre students. The funding is paid to institutions that are responsible for its administration. The distribution of funding is as follows:

Universities and Federated Colleges (\$200,000 U of S; \$150,000 U of R)	\$350,000
Saskatchewan Institute of Applied Science & Technology (SIAST)	\$125,000
Regional Colleges and Dumont Technical Institute	\$ 25,000
Total	\$500,000

Queen Elizabeth II Scholarship in Parliamentary Studies

The Queen and Duke of Edinburgh announced this scholarship during their October 1997 visit. One \$10,000 scholarship is awarded annually for graduate or post-graduate study of Saskatchewan politics and government at either of Saskatchewan's universities. In 2002-03, the successful applicant was from the University of Saskatchewan.

D.R. Simmons Memorial Scholarships

There are two scholarships of \$500 available annually to graduating Grade 12 Saskatchewan students of First Nations or Métis ancestry who are continuing studies at the post-secondary level. In 2002-03, there were no scholarships awarded.

James Dickson Scholarship

This \$500 scholarship is available annually to a graduating Grade 12 Saskatchewan student of black ancestry. If no award is made during one year, two awards may be made during the following year. In 2002-03, there were no scholarships awarded.

Doreen Kronick Matching Scholarship

This \$500 scholarship is available in Canada each year to recognize the scholastic achievement of a full or part-time graduate student studying in an area that will enable the student to help individuals with learning disabilities. The department will award an additional \$500 if the recipient is a Saskatchewan resident attending a Saskatchewan university. There were no recipients in 2002-03.

Emergency Loan Funding

Fuhrmann Emergency Loan Program

This program was established with a \$12,000 donation from the Fuhrmann family of Regina to provide short-term loans of up to \$400 per student during any 12-month period for full-time studies at SIAST. The loans are interest-free if repaid within 90 days. In February 2003, the administration of this program was transferred to SIAST. No loans were issued in the 2002-03 fiscal year.

Canada/Saskatchewan Study Grant

Women in Non-traditional Doctoral Studies

The Canada/Saskatchewan Study Grant for Women in Non-traditional Doctoral Studies provides a maximum of \$5,000 per year (\$3,000 federal and \$2,000 provincial) to a limited number of women doctoral students studying full-time in non-traditional fields of study. In 2002-03, grants in the amount of \$29,869 were awarded to six students.

Statistical Summary of Saskatchewan Student Assistance Program Activity

Full-time Loans

Table 4
Full-time Canada Student Loans

<i>Fiscal Year</i>	<i>Number of Loans</i>	<i>Amount Authorized*</i>
1998-1999	14,930	\$63,097,821
1999-2000	16,384	\$69,681,009
2000-2001	16,664	\$72,754,100
2001-2002	16,366	\$72,101,006
2002-2003	15,702	\$68,830,806

*Authorized loans are loans approved for courses starting in the fiscal year indicated, whether or not the monies were paid in that fiscal year.

Table 5
Full-time Saskatchewan Student Loans

<i>Fiscal Year</i>	<i>Number of Loans</i>	<i>Amount Authorized*</i>
1998-1999	14,355	\$49,999,434
1999-2000	16,246	\$57,102,028
2000-2001	16,566	\$59,780,831
2001-2002	16,271	\$59,258,709
2002-2003	15,663	\$56,586,020

*Authorized loans are loans approved for courses starting in the fiscal year indicated, whether or not the monies were paid in that fiscal year.

Debt Reduction Benefits

Table 6
Saskatchewan Student Bursary

<i>Fiscal Year</i>	<i>Number of Bursaries</i>	<i>Amount Paid</i>
1998-1999*	558	\$660,031
1999-2000	8,658	\$18,111,776
2000-2001	9,525	\$17,275,610
2001-2002	9,703	\$19,018,159
2002-2003	9,888	\$20,192,917

*From August 1, 1998 to March 31, 1999

Table 7
Canada Study Grant

<i>Fiscal Year</i>	<i>Number of Grants</i>	<i>Amount Paid</i>
1998-1999*	245	\$164,255
1999-2000	2,706	\$3,572,157
2000-2001	3,231	\$4,215,255
2001-2002	3,000	\$4,139,584
2002-2003	3,036	\$4,210,762

*From August 1, 1998 to March 31, 1999

Table 8
Saskatchewan Study Grant

<i>Fiscal Year</i>	<i>Number of Grants</i>	<i>Amount Paid</i>
1998-1999*	226	\$252,934
1999-2000	2,467	\$5,315,241
2000-2001	2,166	\$3,996,882
2001-2002	1,955	\$3,855,976
2002-2003	2,023	\$3,970,118

*From August 1, 1998 to March 31, 1999

Debt Reduction Benefits (con't)

Table 9
Remission Approvals on Canada and Saskatchewan Student Loans

<i>Fiscal Year</i>	<i>Number of Loans</i>	<i>Amount Approved</i>
1998-1999	1,105	\$2,350,543
1999-2000	1,000	\$2,066,575
2000-2001	959	\$1,985,984
2001-2002	867	\$1,857,041
2002-2003	282	\$581,499

Table 10
Loan Forgiveness Approvals on Saskatchewan Student Loans

<i>Fiscal Year</i>	<i>Number of Students</i>	<i>Amount Approved</i>
1998-1999*	5,005	\$15,572,400
1999-2000**	573	\$2,552,954
2000-2001**	105	\$392,063
2001-2002**	52	\$195,496
2002-2003**	19	\$67,980

* Loan forgiveness was replaced and enhanced by Saskatchewan Student Bursary – Debt Reduction Benefit starting August 1, 1998.
 **Approvals for courses starting prior to August 1, 1998

Table 11
Canada Millennium Scholarship Foundation Bursary

<i>Fiscal Year</i>	<i>Number of Bursaries</i>	<i>Amount Paid</i>
1999-2000	3,940	\$9,775,000
2000-2001	3,753	\$9,772,000
2001-2002	3,616	\$9,778,500
2002-2003	3,507	\$9,793,000

Repayment Relief Measures

Table 12
Saskatchewan Interest Relief

<i>Fiscal Year</i>	<i>Number of Borrowers</i>	<i>Total Amount Awarded</i>
1998-1999	4,180	\$668,302
1999-2000	4,516	\$678,151
2000-2001	4,613	\$631,516
2001-2002	4,784	\$568,000
2002-2003	5,121	\$651,033

Table 13
Saskatchewan Debt Reduction in Repayment

<i>Fiscal Year</i>	<i>Number of Borrowers</i>	<i>Total Amount Awarded</i>
2001-2002	0	\$0
2002-2003	7	\$11,057

*Debt Reduction in Repayment was introduced in 2000-2001

Table 14
Saskatchewan Permanent Disability Benefit

<i>Fiscal Year</i>	<i>Number of Borrowers</i>	<i>Total Amount Awarded</i>
2001-2002*	96	\$723,514
2002-2003	6	\$40,460

*The Permanent Disability Benefit was introduced in 2000-2001. Saskatchewan approved cumulative benefits for students who had previously received the federal benefit.

Part-time Loans

Table 15 Canada Part-time Student Loans Program		
<i>Fiscal Year</i>	<i>Number of Loans</i>	<i>Amount Authorized</i>
1998-1999	105	\$144,704
1999-2000	158	\$171,189
2000-2001	164	\$264,675
2001-2002	145	\$218,995
2002-2003	171	\$351,497

Canada/Saskatchewan Study Grants

Table 16
Canada/Saskatchewan Study Grant for
Students with Permanent Disabilities

<i>Fiscal Year</i>	<i>Number of Grants</i>	<i>Amount Paid</i>
1998-1999	114	\$407,457
1999-2000	176	\$694,589
2000-2001	198	\$853,896
2001-2002	212	\$798,555
2002-2003	206	\$837,260

Table 17
Canada Study Grant for High Need Students with Permanent Disabilities*

<i>Fiscal Year</i>	<i>Number of Grants</i>	<i>Amount Paid</i>
2002-2003	79	\$117,088

*This program was introduced in 2002-2003

Table 18
Canada Study Grant for High Need Part-time Students

<i>Fiscal Year</i>	<i>Number of Grants</i>	<i>Amount Paid</i>
1998-1999	227	\$322,767
1999-2000	279	\$455,780
2000-2001	291	\$454,698
2001-2002	296	\$447,196
2002-2003	160	\$273,891

Table 19
Canada Study Grant for Part-time Students with Dependents

<i>Fiscal Year</i>	<i>Number of Grants</i>	<i>Amount Paid</i>
2002-2003	4	\$4,598

Table 20 Canada/Saskatchewan Study Grant for Female Doctoral Students		
<i>Fiscal Year</i>	<i>Number of Grants</i>	<i>Amount Paid</i>
1998-1999	7	\$27,377
1999-2000	7	\$31,080
2000-2001	8	\$35,133
2001-2002	8	\$33,044
2002-2003	6	\$29,869

Other Awards

Table 21 Centennial Merit Scholarships	
<i>Fiscal Year</i>	<i>Amount Paid*</i>
2001-2002	\$505,675
2002-2003	\$500,000
* This program was introduced in 2001-2002	

Table 22 French Language Federal-Provincial Awards		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Total Amount Paid</i>
1998-1999	218	\$124,300
1999-2000	257	\$181,950
2000-2001	275	\$190,300
2001-2002	280	\$183,050
2002-2003	284	\$189,650

Table 23 Queen Elizabeth II Scholarship in Parliamentary Studies		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Total Amount Paid</i>
1998-1999	1	\$10,000
1999-2000	2	\$10,000
2000-2001	1	\$10,000
2001-2002	0	\$0
2002-2003	1	\$10,000

Loans Receivable and Repayments

Table 24
Total Amount of Saskatchewan Student Aid Fund Loans Receivable
As at March 31, of Each Fiscal Year*

<i>Fiscal Year</i>	<i>Amount</i>
1998-1999	\$7,643,393
1999-2000	\$4,669,883
2000-2001	\$2,917,256
2001-2002	\$25,540,153
2002-2003	\$40,115,216

*Lender-financed Saskatchewan Student Loans implemented for courses starting August 1, 1996 to July 31, 2001 are negotiated and repaid to the Royal Bank under the Saskatchewan Student Loan Assignment Agreement. Effective August 1, 2001 the province became the direct lender of student loans.

Table 25
Saskatchewan Student Loans Repayments
Received by the Saskatchewan Student Aid Fund*

<i>Fiscal Year</i>	<i>Amount Paid</i>
1998-1999	\$8,038,295
1999-2000	\$3,380,867
2000-2001	\$2,757,043
2001-2002	\$2,170,337
2002-2003	\$2,725,275

*Lender-financed Saskatchewan Student Loans implemented for courses starting August 1, 1996 to July 31, 2001 are negotiated and repaid to the Royal Bank under the Saskatchewan Student Loan Assignment Agreement. Effective August 1, 2001 the province became the direct lender of student loans.

Table 26
Balance of Loans at the Royal Bank Of Canada
that have not Entered Repayment *

<i>Fiscal Year</i>	<i>Loan Balance</i>
1998-1999	\$91,285,018
1999-2000	\$93,054,214
2000-2001	\$87,270,646
2001-2002	\$42,992,375
2002-2003	\$26,361,364

* Lender-financed Saskatchewan Student Loans implemented for courses starting August 1, 1996 to July 31, 2001 are negotiated and repaid to the Royal Bank under the Saskatchewan Student Loan Assignment Agreement.



SASKATCHEWAN

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AUDITOR'S REPORT

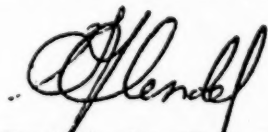
To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Student Aid Fund as at March 31, 2003 and the statements of revenue, expenditure and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

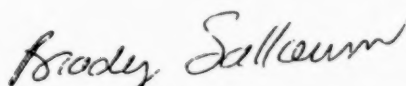
Regina, Saskatchewan
June 20, 2003


Fred Wendel, CMA, CA
Provincial Auditor

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements included in the 2002-03 Saskatchewan Student Aid Fund Annual Report are the responsibility of the Student Financial Assistance Branch, Saskatchewan Learning. The Branch has prepared these financial statements in accordance with Canadian generally accepted accounting principles. The financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Regina, Saskatchewan
July 11, 2003



Brady Salloum
Executive Director
Student Financial Assistance Branch

SASKATCHEWAN STUDENT AID FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	<u>2003</u>	<u>2002</u>
FINANCIAL ASSETS		
Financial Assets:		
Due from General Revenue Fund (Note 8)	\$ 61,651,240	\$ 72,193,185
Accrued Interest	246,383	250,113
Appropriation Due from General Revenue Fund	-	1,300,000
Other Receivables	1,893,428	66,289
Student Loans Receivable (Note 7)	40,115,216	25,540,153
Total Financial Assets	\$ 103,906,267	\$ 99,349,740
LIABILITIES AND NET FINANCIAL ASSETS		
Liabilities:		
General Revenue Fund Interest Payable	\$ 584,461	\$ 398,191
General Revenue Fund Loan (Note 9)	86,239,602	62,789,603
Due to Royal Bank of Canada (Note 5)	9,641,463	16,068,418
Bursaries and Grants Payable (Note 6)	2,744,611	2,649,268
Other Accounts Payable	486,681	744,775
Total Liabilities	\$ 99,696,818	\$ 82,650,255
Net Financial Assets (Statement 2)	4,209,449	16,699,485
	\$ 103,906,267	\$ 99,349,740

(See accompanying notes to financial statements)

Statement 2

SASKATCHEWAN STUDENT AID FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET FINANCIAL ASSETS
For the Year Ended March 31

	<u>BUDGET</u>	<u>Actual 2003</u>	<u>2002</u>
Revenue:			
Appropriation from the General Revenue Fund	\$ 32,994,000	\$ 17,244,000	\$ 31,813,000
Grant – Federal Canada Study	5,750,000	5,230,592	-
Interest Payments from the General Revenue Fund	2,000,000	1,254,085	1,531,626
Interest on Student Loans	815,000	1,149,832	621,468
Loan Discount Amortization	-	1,411,336	404,685
Recovery of Bad Debt Allowance	-	305,494	713,747
Other Income	150,000	218,411	196,942
	<u>41,709,000</u>	<u>26,813,750</u>	<u>35,281,468</u>
Expenditure:			
Loan Forgiveness Grants	-	81,492	167,238
Sask Student Bursaries	15,742,000	15,878,910	20,442,456
Canada Study Grants	4,900,000	4,103,607	4,228,474
Sask Study Grants	4,727,000	3,708,257	3,904,995
Special Opportunity Grants	1,350,000	1,262,706	1,278,795
Special Incentive Loan Remissions	3,285,000	2,120,172	2,053,160
Risk Premium	-	18,477	929,372
Loan Guarantee	50,000	111,088	76,205
Debt Reduction in Repayment	100,000	214,759	91,143
Permanent Disability Benefit	400,000	169,290	958,548
Interest Relief Grants	3,187,000	149,364	681,208
Interest on Loans	-	(1,511,981)	1,584,626
Bad Debt Expense	7,098,000	5,655,824	3,236,920
Interest Grants to Students	3,299,000	3,415,150	2,679,536
Interest on General Revenue Fund Loan	2,608,000	2,418,805	474,828
Collection Costs	300,000	115,969	216,464
Service Provider Fees	783,000	680,497	418,135
Bursaries and Scholarships	661,000	711,400	689,815
	<u>48,490,000</u>	<u>39,303,786</u>	<u>44,111,918</u>
 (Decrease) in Net Financial Assets for the Period	 \$ (6,781,000)	 \$ (12,490,036)	 \$ (8,830,450)
Net Financial Assets, Beginning of Period	16,699,483	16,699,485	25,529,935
Net Financial Assets, End of Period to Statement 1	<u>\$ 9,918,483</u>	<u>\$ 4,209,449</u>	<u>\$ 16,699,485</u>

(See accompanying notes to financial statements)

Statement 3

SASKATCHEWAN STUDENT AID FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	<u>2003</u>	<u>2002</u>
Cash Provided by (used in) Operating Activities:		
(Decrease) in Net Financial Assets for the Period	\$ (12,478,036)	\$ (8,830,450)
Change in Non-Cash Working Capital Items:		
Decrease in Accrued Interest	3,730	380,321
Decrease in Appropriation Due from General Revenue Fund	1,300,000	31,000
(Increase) Decrease in Other Receivables	(1,827,139)	171,294
(Increase) in Student Loans Receivable	(14,575,064)	(22,622,897)
Increase in General Revenue Fund Interest Payable	186,270	398,191
(Decrease) in Due to Royal Bank of Canada	(6,426,955)	(20,000,444)
Increase in Bursaries and Grants Payable	95,343	2,649,268
(Decrease) Increase in Other Accounts Payable	(258,093)	104,953
Net Change in Non-Cash Working Capital Items	<u>\$ (21,501,908)</u>	<u>\$ (38,888,314)</u>
Financing Activities:		
Increase in General Revenue Fund Loan Payable	\$ 23,449,999	\$ 62,789,603
(Decrease) in Trust – Furhmann Scholarship	(12,000)	-
Net Change in Financing Activities	<u>\$ 23,437,999</u>	<u>\$ 62,789,603</u>
Net (Decrease)/Increase in Due from General Revenue Fund	(10,541,945)	15,070,839
Due from General Revenue Fund, Beginning of Year	<u>72,193,185</u>	<u>57,122,346</u>
Due from General Revenue Fund, End of Year	<u>\$ 61,651,240</u>	<u>\$ 72,193,185</u>

(See accompanying notes to financial statements)

SASKATCHEWAN STUDENT AID FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

1. Authority

The Saskatchewan Student Aid Fund (the Fund) operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. The primary purpose of the Fund is to support the Saskatchewan Student Assistance Program. The Department of Learning (the Department) administers the Fund and the Saskatchewan Student Assistance Program.

2. Description of the Program

Under the terms of the Saskatchewan Student Assistance Program, student loans are provided to qualifying individuals based on a determination of need. Loans are interest-free while the student is in full time studies. They become repayable on the first day of the seventh month following discontinuance of studies or graduation, however, interest begins to accrue on the first day of the first month following discontinuance of studies or graduation.

There are six debt reduction benefits offered through the Fund:

- The Saskatchewan Student Bursary provides a bursary to all students with a need over \$180 per week up to \$275 per week. Effective August 1, 2002, the maximum student debt level was increased from \$180 to \$200 per week, with the Saskatchewan Student Bursary providing debt reduction for need between \$200 and \$275 per week in the borrower's first 170 weeks of post-secondary study ever taken.
- The Canada Study Grants and the Saskatchewan Study Grants provide grants to students with dependents to cover their need between \$275 per week and \$400 per week.
- A Remission benefit for Special Incentive Students provides a maximum of \$200 per week of study for the first 60 weeks of schooling.
- Debt Reduction in Repayment provides a one-time reduction of student loan payable to a maximum of \$3,000 for borrowers who have been granted the maximum allowable interest relief benefits available and continue to experience financial hardship.
- A provision for borrowers with Permanent Disabilities provides loan forgiveness to borrowers who suffer from a permanent disability that impairs the borrower's ability to repay their loan. The permanent disability must have been sustained while in a period of study or before the first day of the seventh month after the borrower ceases to be a full-time student.

Special incentive loan remission grants are available to high need disadvantaged students; Saskatchewan Student Bursaries and Canada/Saskatchewan Study Grants are granted to all borrowers who meet the requirements specified by the Saskatchewan Student Assistance Program Administrative Guidelines. If the value of loan remission grants exceed the borrower's loan balance, the excess is applied to their Canada Student Loan.

The Debt Reduction in Repayment and Provision for Borrowers with Permanent Disabilities benefits were introduced in the 2001/02 fiscal year in conjunction with the signing of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loan Programs as described below.

Interest relief grants are provided to borrowers in repayment who are unable to meet their repayment obligations due to financial hardship. Applicants are eligible for these grants for 54 months.

In addition to debt reduction benefits granted to students to reduce their debt levels upon consolidation of their loans, the Fund provides student assistance by holding student loans in interest free status during periods of study and for a maximum of six months between periods of study.

In May, 1999, the Province of Saskatchewan signed a ten year agreement with the Canada Millennium Scholarship Foundation. This agreement provides approximately \$9,800,000 annually in millennium bursaries to approximately 3,500 Saskatchewan post-secondary students.

Prior to August 1, 1996, the Province provided funding for student loans, and all loan administration was undertaken by staff of the Department. Under a Risk Sharing Student Loans Agreement (the Agreement) signed between the Department and the Royal Bank of Canada on March 12, 1996, the Royal Bank became the financier of student loans and assumed responsibility for the disbursement, management and collection of student loans. The Department retained responsibility for loan approval. The Agreement covered loans approved between August 1, 1996 and July 31, 2001. As part of the Agreement, students who had previously received provincially funded loans and who were still in school, had their loan balances transferred to the Royal Bank when the Department approved their new Royal Bank loans.

The Department negotiated an additional agreement with the Royal Bank to transfer to the Royal Bank substantially all of the loans held by the Fund. This agreement came into effect on October 1, 1997 and remained in force until December 31, 1999. Borrowers who were not in default, had more than seven monthly payments still owing and were not on interest relief were eligible to be transferred. The Fund paid a risk premium of 5% to the Royal Bank when the balance of the loan was transferred. When a loan was transferred, any bad debt allowance relating to that loan was recovered. Borrowers who had their loans transferred to the Royal Bank retain the rights associated with their loans (i.e. interest rate, repayment term and interest relief eligibility were transferred with the loan).

Debt reduction benefits, other than the Canada Millennium Bursaries, are paid by the Fund to the Royal Bank to be applied against student loan balances. The Fund also pays to the Royal Bank costs associated with maintaining lender financed loans in interest free status while students are in school, and interest relief benefits granted to borrowers experiencing financial hardship in the repayment of their loans.

On June 19th, 2001, the Province entered into an agreement with the Government of Canada to integrate the delivery and administration of Canada and Saskatchewan student loans. The Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs became effective August 1, 2001. In conjunction with the agreement, the Department provides loan authorization for both Saskatchewan and Canada student loans, and the Province is re-established as the financier of Saskatchewan student loans. On behalf of the Department and the Government of Canada, two external agencies manage the disbursement, administration and repayment of integrated student loans. On behalf of the Province, Human Resource Development Canada is responsible for the collection of bankrupt and defaulted loans.

Student benefits associated with the Saskatchewan Student Assistance Program as described above are applicable to Canada/Saskatchewan integrated loans. In addition to student benefits paid by the Fund, Canada Millennium bursaries are funded by the Canada Millennium Scholarship Foundation and are applied against student loan balances.

3. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Measurement uncertainty impacts Due to the Royal Bank of Canada (Note 5), Bursaries and Grants Payable (Note 6) and Student Loans Receivable (Note 7).

c) **Student Loans Receivable**

Student loans are carried at the amount advanced plus accrued interest. Simple interest is charged on loans following the interest-free in school period. Payments on loans are first applied to interest, then to outstanding principal.

For loans held by the Fund, allowances are deducted from loans receivable for the following:

- i) estimated uncollectable loans due to default on repayment, based on past collection experience;
- ii) the amount of concessionary grant associated with holding student loans in interest free status; and
- iii) estimated debt reduction benefits.

4. Loans Held by Student Aid Fund

Loans held by the Fund consist of amounts owing by borrowers for loans granted prior to the agreement signed with the Royal Bank (2003 - \$5,415,876; 2002 - \$7,454,969), and subsequent to the integration agreement signed with the Government of Canada (2003 - \$70,125,103; 2002 - \$47,882,122).

The Fund is exposed to credit-related losses in the event that borrowers default on repayment of the student loans. Credit risk represents the maximum amount at risk if the borrowers defaulted on their repayments. The Fund's credit risk on student loans receivable is represented by Gross Student Loans Receivable, end of year in Note 7.

The recorded allowance for uncollectable loans for loans issued prior to August 1, 1996 is \$3,941,553 (2002 - \$5,200,944). This allowance could reasonably be expected to fluctuate between \$3,725,766 and \$4,139,658 within the next twelve months (2002 - \$4,895,854 and \$5,477,443).

The recorded allowance for uncollectable loans for loans issued subsequent to July 31, 2001 is \$9,143,807 (2002 - \$3,480,892). Variability on the recorded allowance is approximately \$457,000 per 1% change in estimated default rate (2002 - \$182,000 per 1% change).

Loans in repayment are subject to interest rate risk related to repayment terms. The current portfolio of loans in repayment have effective interest rates of 5.00% to 12.00% (2002 - 5.00% to 12.00%). Under *The Student Assistance and Student Aid Fund Regulations, 1990*, the Minister charges interest rates as set pursuant to the *Canada Student Loans Act*.

There are two methods that have been used by the Minister to determine interest rates. Firstly, each year in August, the Federal government sets the interest rates to be charged for students graduating during the next 12 months. This rate is based on average open market yield for the previous 6 months on mid-term (5-10 years) Government of Canada bonds plus

1%. Rates determined in this manner have applicability to loans issued prior to the Royal Bank agreement.

For loans issued under the Canada-Saskatchewan integration agreement, interest rates are set at the option of the student either at prime plus 2.5% (floating rate) or prime plus 5.0% (fixed rate) at the time of loan consolidation.

Interest rates for consolidated loans are as follows:

	<u>2003</u>	<u>2002</u>
Interest Rate	Total Balance	Total Balance
Less than 8.0%	\$8,877,912	\$705,619
8.0%-8.9%	2,248,412	3,034,511
9.0%-9.9%	2,326,266	3,241,898
10.0%-10.9%	140,355	254,880
11.0% or greater	151,459	218,061
Loans Consolidated (Note 7)	<u>\$13,744,404</u>	<u>\$7,454,969</u>

The fair value and repayment period of loans receivable have not been disclosed because it is not practicable to determine the loan repayments with sufficient reliability. There are a number of factors needed to estimate the timing and the amount of loan repayments. These factors include the Fund's historical experience, applications for interest relief, debt reduction, economic conditions, and the necessity to rely on the actions of a large number of individuals.

5. Due to Royal Bank of Canada

The Fund estimates amounts due to the Royal Bank. Estimation is a factor in the following:

Interest on Loans Accrual

Currently, interest accruing on student loans is not paid by the borrower as long as the borrower is in school. The Fund pays this interest to the Royal Bank. The interest accrual is an estimate, based on the current loan receivable balance of students in school, the projected time that students will remain in school, and the projected market rate of interest. In 2003, the estimated projected market rate of interest is 6.13% (2002– 7.06%). It is reasonable to expect this interest rate to fluctuate between 5.88% and 6.38% over the next 12 months (2002 – 6.81% to 7.31%).

Interest Relief Accrual

Interest relief is paid to the bank at the lender prime rate of interest in effect at the time the borrower applies for relief. It is estimated that the interest relief accrual will be paid to the bank on behalf of applicants over an eleven-year period, and at the projected market rate.

Risk Premium Accrual

A risk premium equal to 5% of borrowers' outstanding loan balance is paid to the bank at the time each student loan becomes repayable. The accrual is an estimate of future risk premiums associated with loans of borrowers currently in school. This estimate is calculated after considering potential debt reduction benefits, and the capitalization of student loan interest at the time of consolidation.

Special Incentive Loan Remission and Loan Forgiveness Grant Accrual

The Fund will pay the Royal Bank expected future special incentive loan remission grants and any outstanding loan forgiveness grants. An estimate of the total percentage of students that will qualify for these grants is used to determine these accruals.

Loan Guarantee Accrual

The Fund guarantees loans in the event of death or bankruptcy of the borrower during their period of study. The amount paid to the bank is equal to the loan balance outstanding on the date of death or bankruptcy. The accrual is an estimate of future expense based on historical trends.

Permanent Disability Accrual

The Permanent Disability benefit provides loan forgiveness to borrowers who become permanently disabled while in a period of study or before the first day of the seventh month after the borrower ceases to be a full-time student. The accrual is an estimate of future expense based on historical utilization.

Debt Reduction in Repayment

This benefit provides a one-time reduction in student loan payable to a maximum of \$3,000 for borrowers experiencing financial hardship. The accrual is an estimate of future expense based on actuarial estimates.

These accruals could reasonably be expected to fluctuate within the next twelve months as follows:

	2003		2002
	Actual	Range of Accruals	Actual
Interest on Loans Accrual	\$ 2,837,274	\$2,730,000 to \$2,944,000	5,416,376
Interest Relief Accrual	2,323,955	2,152,000 to 2,492,000	3,809,441
Risk Premium Accrual	1,289,625	n/a	1,923,442
Special Incentive Loan Remission Accrual	1,366,182	1,275,000 to 1,457,000	1,799,429
Loan Forgiveness Accrual	1,105,449	996,000 to 1,215,000	1,091,937
Loan Guarantee Accrual	274,739	n/a	295,754
Permanent Disability Accrual	234,443	183,000 to 286,000	164,045
Debt Reduction in Repayment Accrual	198,174	173,000 to 223,000	50,328
	\$9,629,841		14,550,752
Saskatchewan Student Bursaries	9,120	n/a	980,081
Canada Study Grants	962	n/a	199,170
Saskatchewan Study Grants	1,540	n/a	338,415
Due to Royal Bank of Canada	\$9,641,463		\$16,068,418

6. Bursaries and Grants Payable

Bursaries and Grants Payable represents benefits earned by students which are most likely to be applied against Canada Student Loan balances.

Included in Bursaries and Grants Payable is \$2,615,973 (2002 - \$1,982,332) in Special Incentive Loan Remissions. In calculating the Loan Remission accrual, estimates of the percent of students that will qualify for the benefit are used. The percentage used in this fiscal year is 59.22% (2002 - 61.72%). The variability in the accrual is approximately \$74,000 (2002 - \$33,000) for every 1% change in the qualifying percentage.

7. Student Loans Receivable

		2003	2002
Add:	Loans outstanding, beginning of year	\$55,337,091	\$ 9,348,284
	New loans during the year	59,590,506	48,852,040
	Interest earned on student loans	1,032,363	615,469
Deduct:	Loan repayments net of payments on written off accounts	(2,419,781)	(1,456,590)
	Book value of loans transferred to the Royal Bank	0	(4,370)
	Cancellation of Small Balance	181	0
	Repayment of Stale-dated Disbursements	(9,064)	0
	Amounts authorized to reduce loans at the Service Providers	(36,822,260)	(852,272)
	Amounts authorized to reduce loans at the Royal Bank	(55,899)	(71,224)
	Loans written off	(1,112,178)	(1,094,246)
	Gross student loans receivable, end of year	\$75,540,959 *	\$55,337,091
	Deduct:		
	Allowance for interest relief	(1,911,831)	(927,954)
	Allowance for Debt Reduction in Repayment	(96,751)	(40,815)
	Allowance for Permanent Disability Benefit	(114,480)	(70,682)
	Interest Grants to Students	(4,278,665)	(2,274,851)
	Canada Study Grants Payable	(2,637,360)	(2,549,085)
	Saskatchewan Study Grants Payable	(1,879,619)	(1,813,910)
	Student Bursaries Payable	(10,074,055)	(13,437,805)
	Remission	(1,347,622)	0
	Allowances estimated on prior year's experience:		
	Allowance for uncollectable loans	(13,085,360)	(8,681,836)
	Student loans receivable, end of year	\$40,115,216	\$25,540,153

* Includes Consolidated Loans of \$13,744,404

Interest Grants to Students

Interest Grants to Students gives recognition to the benefit afforded students by holding provincially funded loans in interest free status while they are in school. The amount of estimated benefit is considered to be a "concessionary grant" and is offset against the Student Loans Receivable balance. The allowance was calculated assuming that students remain in school for an average of three years, and applying the provincial government eight year borrowing rate which averaged 5.51% in 2003 (2002 – provincial government three year borrowing rate - 5.08%).

Provisions for Other Student Benefits

In addition to the Allowances for Uncollectable Loans and Interest Grants to Students, Student Loans Receivable are offset by Saskatchewan Student Bursaries Payable, Canada Study Grants Payable, Saskatchewan Study Grants Payable, and accruals for Interest Relief (\$1,911,831), Remission (\$1,347,622), Debt Reduction in Repayment (\$96,751) and a Provision for Borrowers with Permanent Disability (\$114,480). Elements of estimation pertain to the accruals established for Interest Relief, Debt Reduction in Repayment and the Provision for Borrowers with Permanent Disability.

For loans issued under the Canada/Saskatchewan integration agreement the interest relief accrual of \$1,827,979 (2002 - \$818,004) was calculated using an estimated interest rate of 9.14% (2002 – 9.80%). For every plus or minus .50% change in interest rate estimate, the variability in interest relief accrual is approximately \$72,000 (2002 - \$28,000). Variability for Debt Reduction in Repayment and Provision for Borrowers with Permanent Disability is not material to these statements.

Saskatchewan Student Bursaries and Saskatchewan Study Grants have been reduced by approximately \$7,679,000 (2002 - \$7,700,000), which is a portion of the \$9,776,000 (2002 - \$9,770,000) received from the Canada Millennium Scholarship Foundation.

8. Due from General Revenue Fund

The Fund's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid quarterly by the General Revenue Fund to the Fund using the General Revenue Fund's thirty day borrowing rate and the Fund's average daily bank account balances.

Included in this amount is \$24,300 of restricted funds used for scholarships.

9. General Revenue Fund Loan

Effective August 1, 2001, the Province assumed responsibility for the financing of student loans. A loan from the General Revenue Fund is provided to the Student Aid Fund to support this role. In the 2002/03 fiscal year, \$61,000,000 in loans were advanced from the General Revenue Fund to the Student Aid Fund.

The interest rate charged on the General Revenue Fund Loan is at the Province's average eight year cost of borrowing. The Province's average eight year cost of borrowing rate for 2003 was 5.51%. Under the terms of the loan agreement, the Student Aid Fund makes quarterly loan payments to the General Revenue Fund. The dollar amount of loan payment is calculated as the sum of debt reduction benefits applied against student loans, the principal portion of student payments and accounts written off.

10. Related Party Transactions

In accordance with established government practice, all administrative and occupancy costs are paid by the Department of Learning - General Revenue Fund. Accordingly, no provision for these costs is reflected in these financial statements. Costs for loans sent to collection agencies are paid by the Fund. Other related party transactions are disclosed separately in these financial statements.

11. Millennium Trust

On May 7, 1999 the Province and the Canada Millennium Scholarship Foundation entered into a ten-year agreement for the administration of General Awards provided to students by the Canada Millennium Scholarship Foundation. Under the agreement, the Province is to receive "in trust monies" to be paid to qualifying students and is responsible to ensure that the funds are properly disbursed.

The funds were previously received in trust by the Minister of Finance but beginning with the 2002-03 loan year, payment of General Awards by the Canada Millennium Scholarship Foundation will be received in trust by the Student Aid Fund.

Millennium funds are allocated to each Province based on the Province's share of the population of Canada. For the 2002-03 loan year, Saskatchewan's allocation of Canada Millennium Scholarship General Awards was \$9,776,000. This amount reflects the Foundation's March, 2003 approval of qualifying students as provided to the Foundation by the Student Financial Assistance Branch.

At March 31, 2003 net assets held on behalf of the Canada Millennium Scholarship Foundation by the Student Aid Fund were \$2,117.

